

**Informal Meeting Minutes  
Monday, July 20, 2009  
Meeting Scheduled Start Time: 10:00 AM**

**BOARD OF SUPERVISORS  
Maricopa County, Arizona  
(and the Boards of Directors of the Flood Control District,  
Library District, Stadium District, Improvement Districts,  
and/or Board of Deposit)**



"The mission of Maricopa County is to provide regional leadership and fiscally responsible, necessary public services to its residents so they can enjoy living in healthy and safe communities."

**Board Members**

Max Wilson, District 4, Chairman  
Fulton Brock, District 1  
Don Stapley, District 2  
Andrew Kunasek, District 3  
Mary Rose Wilcox, District 5

**County Manager**

David Smith

**Clerk of the Board**

Fran McCarroll

**Meeting Location**

Supervisors' Auditorium  
205 W. Jefferson  
Phoenix, AZ 85003

## **BOARD OF SUPERVISORS**

The Board of Supervisors of Maricopa County, Phoenix, Arizona, convened in Informal Session at 10:00 AM on Monday, July 20, 2009, in the Board of Supervisors Auditorium, 205 W. Jefferson, Phoenix, Arizona, with the following members present: Max Wilson, Chairman, District 4; Don Stapley, Vice Chairman, District 2; Fulton Brock, District 1, (entered late); Andrew Kunasek, District 3; Mary Rose Wilcox, District 5. Also present: Fran McCarroll, Clerk of the Board; Liz Evans (Shirley Million) Minutes Coordinators; David Smith, County Manager; and Victoria Mangiapane, Deputy County Attorney.

**Chairman's Statement regarding County Attorney Conflict:**

For the record, the Board has previously expressed concerns about the adversarial positions that the county attorney's office has often taken against the board. This concern has caused the Board to retain independent counsel to analyze this apparent ethical conflict and to take actions that may be warranted. The analysis and response is ongoing. In light of these concerns, the Board in no way waives any conflict or ethical issues that exist as a result of the county attorney's presence here.

Clerk of the Board Fran McCarroll noted for the record that the Board has previously expressed concerns about the adversarial positions the county attorney's office has often taken against the Board. This concern has caused the Board to retain independent counsel to analyze this apparent ethical conflict and to take actions that may be warranted. The analysis and response is ongoing. The county attorney's office is in attendance at this meeting – presumably to advise the Board as they proceed with the meeting. In light of the stated concerns, the Board in no way waives any conflict or ethical issues that exist as a result of the county attorney's presence here.

## **PRESENTATION**

### **Office of Management and Budget**

#### **1. ECONOMIC FORECAST**

Elliott D. Pollack, consultant economist to Maricopa County, will present an update on forecasted fiscal and economic trends. (C-49-10-001-P-00)

Sandi Wilson, Deputy County Manager  
Elliott D. Pollack, Economist, Elliott D. Pollack & Co.

Elliott Pollack reported on updates to his last Economic Forecast as it pertains to the county, state and nation. He said things should now begin to improve slightly, but 2009 would be remembered as "a terrible year" and 2010 will be remembered as "a mediocre year." The end of the recession should occur sometime within the next nine months, but it will only be a technical point of reference to begin a very slow recovery. The U.S. monetary base has never been in worse condition and the situation is still not being controlled by the federal government. The nation is in a liquidity trap where borrowers don't want to borrow and lenders do not want to lend and, therefore, money is not getting into the system. He said that even non-durables and services are approaching "zero" and that is unheard of.

Mr. Pollack said because business spending is weak here and in the rest of the world, the U.S. has huge amounts of excess capacity. Houses are beginning to be built but commercial construction will remain stagnant. Credit markets will be like they were in the 1970's and 1980's. Personal income is down and has been for months and this shows in lagging retail sales.

**~ Supervisor Brock entered the meeting ~**

Banks are still tightening loan standards. Whereas, Phoenix and Arizona were formerly in the top three in job growth, now Arizona is 49th. Phoenix is now 31<sup>st</sup> out of 32 major employment markets in the country - only Detroit is worse. In 2006 Phoenix was 2nd nationally in terms of employment. It is believed that local employment will fall for three years in a row - the first time ever that it will fall for more than one year. This is the worst employment recession Phoenix has ever had in terms of severity and also in length. Recovery in unemployment in Phoenix is perhaps eight to ten months away. Mr. Pollack said the most disconcerting news is that 90% of the economy is currently declining.

Arizona is among the worst for several reasons. Twelve years worth of housing was built in a five-year period. The construction sector has declined by 90%, which signifies serious repercussions. The number of foreclosures has increased dramatically. In May 2007 there were 5,000 units in the foreclosure process, today there are 46,000 units in the foreclosure process. The median selling price for a resale house is down to \$116,000 and 81% of the population could afford this price. Phoenix has become an extremely affordable market and that should help combat the high inventory. Phoenix is probably the most affordable place in the country at this point.

Commercially, Mr. Pollack said vacancy rates in apartments are going up as value and rents are going down. Office market vacancy rates are approaching levels not seen since 1982. Vacancy ratios in retail space are also approaching this level. Industrial space is the same, a lot of vacancy space and negative absorption levels.

Mr. Pollack said the good news is that the worst is behind us. The bad news is that revenues are not likely to rebound very quickly. The underlying dynamics that brought the tremendous growth Phoenix has known in the past are still there. He believes this is a cyclical problem and he believes the County's good management will see it through. Discussion ensued with questions from Board Members.

Supervisor Brock asked if Mr. Pollack had any thoughts on the fact the County is moving forward in building the Court Tower.

Mr. Pollack replied that the economics seem very straightforward; 1. commodity prices are low; 2. labor is relatively inexpensive; 3. the County would be creating jobs in a market where there are no jobs; and 4. it is needed. From an economic standpoint it is better to build a needed structure when it is cheap rather than when it is expensive.

David Smith asked which states are in the worst shape economically, and if the states that are from 46th to 50th had something about their economic model that is non-resilient in terms of an economic downturn.

Elliott Pollack said there are two types of states that are having problems. The "housing bubble states which are Nevada, California, Arizona and Florida." He also referenced the industrial midwest, states like Michigan and Ohio, that really have no future at present and who have to "figure out a different future." He added, that is just their reality.

With the bubble states, it is a question of working off the inventory and this involves the rate of population growth. When an area is overbuilt you have to stop new construction. He indicated that all states are affected by the national economy but not all states are being affected by previously mass overbuilding and that is the basic difference. Phoenix went from 63,000 building permits in 2005 to a current low of 6,000 to 8,000 this year. He said that this indicates 90% of the market that has gone away, and it is the same for industrial and commercial permits locally. And, all of these local economies are also having to contend with the national economic lows. This happened in 1988-1992 but not as badly as it is happening now.

Supervisor Brock asked which are the top three states currently with the best economy and the best economic forecast, and asked what factors accounted for their strong economies.

Mr. Pollack replied that North Dakota, Montana and Louisiana - states that one would not expect, are least affected. These are 1. either commodity based; 2. they took an earlier hit and recovered (Louisiana); 3. they did not participate in the housing boom; and/or 4. they are so small that any type of increase makes it look good. He said there are only four states that have a positive employment growth. Basically it is the commodity-based states that do well.

Chairman Wilson said that for years a main boon to growth in Arizona was the affordability of housing, plus the good weather and accoutrements of living here. He reflected on a probable return of these inducements.

Mr. Pollack replied that Arizona has had a major high-tech component in the economy since the 1950's - aerospace and semi-conductor companies started moving here then. With current defense cutbacks some states will be winners and some losers. Now, semi-conductor plants are moving offshore and no new, major companies have moved here. He believes it is time for Arizona to retool and rethink itself in accordance with its strengths. Those strengths include an ability to draw engineering talent. However, he said that nationally Arizona is not known as a "friendly place to do business." This is due to two things: 1. real and personal property taxes are very high; and 2. until recently the corporate tax rate was also very high relative to its competitors. To be successful a state has to be competitive for those companies who could easily relocate elsewhere - companies like Intel, Boeing, Honeywell who pay high-wage salaries. He said the Arizona's tax structure needs to be changed from the on-going, 60-year-old model now in place.

## **Planning and Development**

### **2. MARICOPA COUNTY GREEN GOVERNMENT PROGRAM UPDATE**

Update on Maricopa County's Green Government Program (GGP). New ideas for advancing regional sustainability during the next year will be highlighted.

The GGP is a comprehensive policy document that was adopted by the Board of Supervisors on June 4, 2008. The GGP establishes a fundamental, yet important mission, to achieve a cleaner,

healthier, and higher quality Maricopa County.

From this mission, the program established an advocacy plan that identifies various actions Maricopa County departments have been diligently pursuing. This program also identifies specific measures that will help determine progress in meeting the approved actions.(C-44-09-152-P-00)

Joy Rich, Assistant County Manager

Jonce Walker, Sustainability Manager

Joy Rich said it has been a little over a year since the Board adopted the Green Government Program on a voluntary basis for County departments. She said Jonce Walker would give an update on accomplishments made during the past 12 months. More departments are becoming involved in this grassroots effort.

Jonce Walker, Sustainability Manager, said his main task is to manage the Green Government Program. He reported that sustainability of these efforts is a balance of three things, ecology, economy and people. The mission is to attain a cleaner and healthier County through 16 specific actions and 124 specific measures each with specific timelines to pursue. Initially there were ten departments involved and seven more are now getting actively involved.

The program will look at air quality; the County's internal carbon footprint; educating the public; energy efficiency, energy production; land use; reuse and recycling; and the use of public transportation efficiently and wisely. He explained that some of the successful things the departments started are now in the process of completion and gave plans for continuing or elaborating on them for the future. He said the County has committed to building only green structures and explained those priorities and conditions.

Upcoming efforts include a meeting with the City of Phoenix on their successful environmentally preferred purchasing program, already adopted into their procurement practices. He explained there are multiple programs to advance sustainability within this program and he reviewed EchoZone as one of the more exciting ones. He said EchoZone participates in public-private partnerships with corporations that sponsor space, such as public environmental signage. He said that 50% of the revenue generated from this would come back to the County to fund local environmental projects.

The Green Government Council is made up of department representatives who meet once a month. Their next meeting is the one scheduled with Phoenix. Mr. Walker said that more departments are getting excited about this program and seven new departments are taking up the challenge. He said the program accomplishments are tracked and measured through an online sharepoint site with all involved departments having access to the site.

Mr. Walker said the launch of MyGreenGovernment.com took the place of Earth Day this year and he had designed the site for use by both employees and the public. It will be used to publicize dates and events of interest as well as links giving information on the progress and accomplishments of the various County departmental programs.

Supervisor Stapley asked about the results and accomplishments of the County-wide, energy audit that has been ongoing for some months to find ways to save energy.

Mr. Walker said that in his conversations over the past months with Facilities Management he believes the audit is about 90% completed. He said this is an energy services contract with Arizona Public Service (APS) who has audited all the County buildings and is now "crunching the financial numbers." He believed this would be completed within the next few weeks.

Supervisor Stapley said he believed this is perhaps the largest environmental audit being conducted anywhere in the country at this time and at the level at which it is being done. It is hoped this will bring about a significant savings to taxpayers plus create jobs in the sustainable energy field. Supervisor Stapley referenced Elliott Pollack's earlier presentation when he advised a revision of the economy we have been experiencing because of local industries that are diminishing in demand, the high-tech, semi-conductor type. Supervisor Stapley stated that he believes that if these industries leave the Valley, their future replacements will have resulted from some of the things we are now doing with Green Government – particularly in the areas of sustainable and renewable types of energy that includes solar energy.

David Smith said green government is a change at every level: how we think; how we plan; how we budget; and how we act, both as an organizational entity and also how we act as citizens. He said that sustainability has been defined broadly, but it is really about making those changes, changing our habits and doing these things on an everyday basis. He explained that everyone changing small things on an everyday basis will produce major changes in our county, state, nation and world.

### **ACTION**

#### **Clerk of the Board**

#### **LIQUOR LICENSE APPLICATIONS**

This is the time scheduled for a public hearing on the applications for liquor licenses. At this hearing, the Board of Supervisors will determine the recommendation to the State Liquor Board as to whether the State Liquor Board should grant or deny the license.

#### **3. AGENT CHANGE AND ACQUISITION OF CONTROL FOR RAY'S PIZZA**

Pursuant to A.R.S. § 4-202(C) and A.R.S. § 4-203(F), approve an application filed by Muhamet Kosovrasti for an Agent Change and Acquisition of Control from Hamzo Kosovrasti for the Ray's Pizza at 711 E. Carefree Highway #150, Phoenix, AZ 85086. (AZ07070397) (Supervisory District 3) (C-06-09-449-L-00)

Motion to approve by: Supervisor Kunasek, Seconded by: Supervisor Wilcox  
Ayes: Kunasek, Stapley, Wilcox, Wilson  
Nays: Brock

#### **4. NEW LICENSE FOR CIRCLE K STORE #9152**

Pursuant to A.R.S. § 4-201, approve an application filed by Kim Kenneth Kwiatkowski for a New Series 10 Liquor License for Circle K Store #9152 at 5105 E. Elliot Road, Phoenix, AZ 85048. (AZ 10075787) (Supervisory District 1) (C-06-09-452-L-00)

Motion to approve by: Supervisor Kunasek, Seconded by: Supervisor Wilcox  
Ayes: Kunasek, Stapley, Wilcox, Wilson  
Nays: Brock

#### **5. NEW LICENSE FOR CIRCLE K STORE #9189**

Pursuant to A.R.S. § 4-201, approve an application filed by Kim Kenneth Kwiatkowski for a New Series 10 Liquor License for Circle K Store #9189, 3502 W. Anthem Way, Anthem, AZ 85086. (AZ 10075798) (Supervisory District 3) (C-06-09-447-L-00)

Motion to approve by: Supervisor Kunasek, Seconded by: Supervisor Wilcox  
Ayes: Kunasek, Stapley, Wilcox, Wilson  
Nays: Brock

**6. NEW LICENSE FOR CARIOCA SHELL #27**

Pursuant to A.R.S. § 4-201, approve an application filed by Randy D. Nations for a New Series 10 Liquor License for Carioca Shell #27 at 31120 N. US Highway 60, Wittman, AZ 85361. (AZ 10075783) (Supervisory District 4) (C-06-09-448-L-00)

Supervisor Kunasek asked that the application for Carioca Shell be forwarded to the state with no action taken and no recommendation since it appears some paperwork was not properly completed by the applicant. He felt it was best to let the State Liquor Board make the decision on licensing, with no recommendation from the County.

Motion to forward this application to the State advancing no action and no recommendation by the County by Supervisor Kunasek, Seconded by: Supervisor Wilcox  
Ayes: Kunasek, Stapley, Wilcox, Wilson  
Nays: Brock

**7. EXECUTIVE SESSION**

Vote to convene in Executive Session to consider items on the Executive Agenda dated July 20, 2009, for Board of Supervisors and relevant Special Districts pursuant to statutory authority listed for each item.

Clerk's Note: Executive items were not heard at this meeting. Executive items were reposted at an 11:05am Special Meeting on July 20, 2009.

**MEETING ADJOURNED**

There being no further business to come before the Board, the meeting was adjourned.

ATTEST:

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Max W. Wilson, Chairman of the Board

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Fran McCarroll, Clerk of the Board